DEPARTMENT OF STATE
THE LEGAL ADVISER

OCT 9 1969

Liberty 508

MEMORANDUM CONFIDENTIAL

October 9, 1969

TO : NEA - Mr. Sisco

FROM : L/NEA - Robert H. Neuman

SUBJECT: Elizur Visit -- "Liberty" Claim

During Michael Elizur's visit here, it is possible he might raise the question of the USG's outstanding claim for the damage to the vessel "Liberty" which we presented to the GOI in July, 1968. The amount of the claim, based on repair and replacement costs, amounted to $7.6 million. We received an initial unfavorable reply from the GOI, but we persuaded them to withdraw their note. Since then, we have received no response to our note presenting the claim.

The Navy is about to announce that all vessels of the "Liberty" class are to be decommissioned in the near future. This announcement is likely to be made while Elizur is in the United States; even if it is not, I think it would be prudent to disclose the Navy's plan to him if he should raise the "Liberty" question.

The GOI has always been petulant about the claim for damage to the ship, although they have paid the wrongful death and injury claims without hestiation. The Navy's impending announcement will probably have the effect of increasing the GOI's resistance to paying the ship damage claim. Although the amount of our claim is negotiable, we should not reveal this to Elizur at this point. Rather, we would like to press him for a response to our note of July, 1968 presenting the claim. Once we have the Israeli response in hand, we will be prepared to discuss the monetary issue.

CC: NEA - Mr. Davies
NEA/IAI - Mr. Atherton
" - Mr. Wahl
L/C - Mr. Kerley
L - Mr. Stevenson

DEPARTMENT OF STATE A/CDC/MR
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